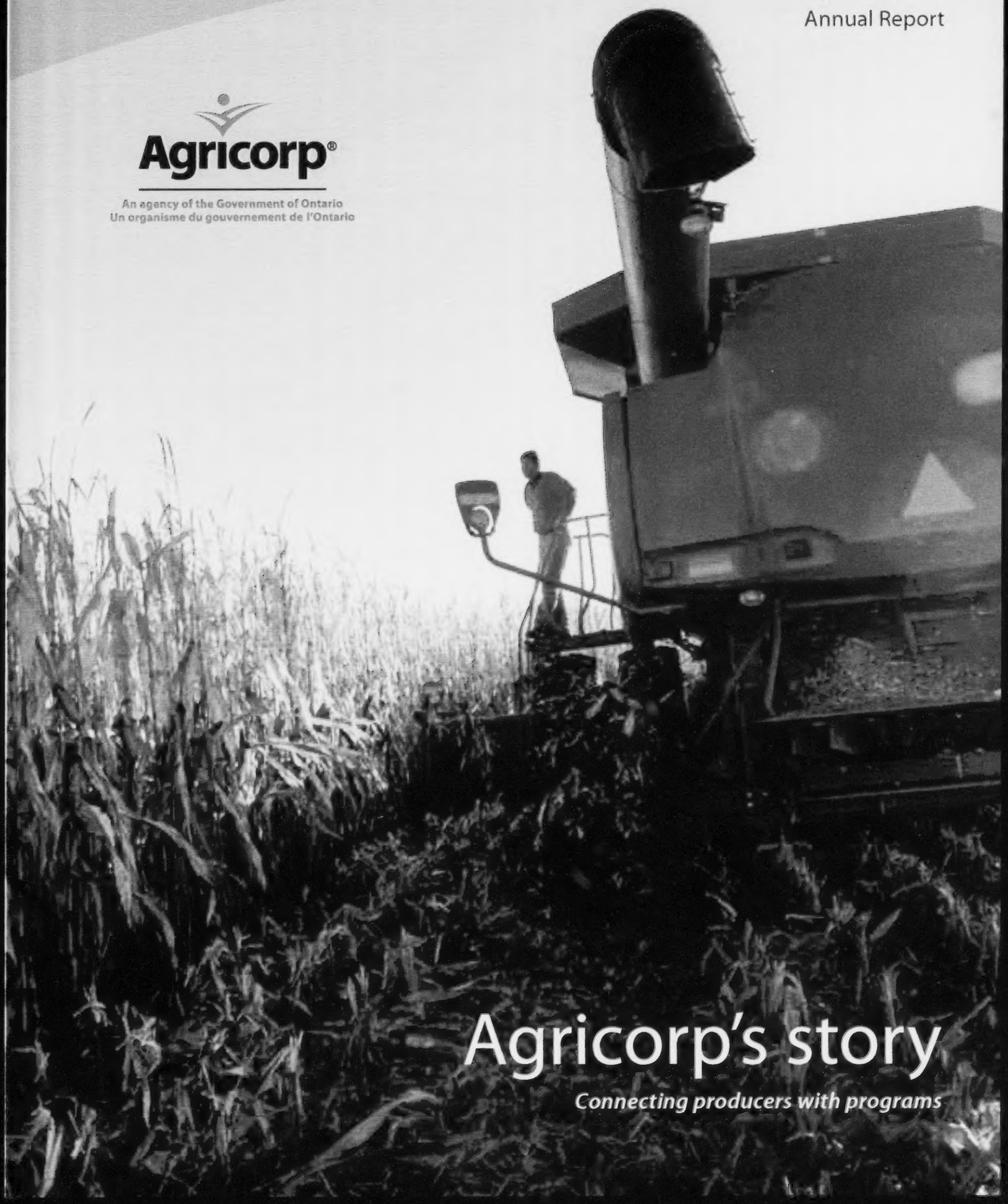
2010–11
Annual Report

Agricorp®

An agency of the Government of Ontario
Un organisme du gouvernement de l'Ontario



Agricorp's story

Connecting producers with programs

Table of contents

About us 1
Chair's message 2
Board governance 4
Board of directors 6
Agricorp governance 7
CEO's message 8
Programs Agricorp delivers day-to-day 9
People 12
Processes 17
Programs 24
Financial highlights 29
Management's responsibility for financial reporting 30
Auditor's report 31
Financial statements 32
Notes to financial statements 35

About us

Agricorp is an agency of the government of Ontario and we deliver government and non-government risk management programs to Ontario's producers. We're also responsible to the provincial government to deliver these programs while maintaining the highest standards for fiscal responsibility, transparency, accountability, risk management and customer service. The agency was established in 1997 by the provincial government under the authority of the *AgriCorp Act, 1996*.

Since then, Agricorp has become deeply rooted in Ontario's agriculture community. Our more than 400 employees serve more than 46,000 producers province-wide, ensuring the smooth, swift delivery of the government's programs.

Unreliable weather, pests, disease, unstable markets, higher production costs – these are just a few of the challenges keeping Ontario's producers up at night. Agricorp can't control the weather, commodity prices or planted acreage, but we can deliver the programs producers need to help manage their risk.

Connecting producers with programs – that's what we do at Agricorp and we're proud of the role we play. But, the heart of our business is so much more than that.

...It's about the unique relationships we have with the people in this vital industry.

...It's about understanding the issues and trends producers face.

...It's about providing producers with peace of mind.

And finally, it's about putting the customer at the centre of everything we do.

Vision

To be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture.

Mission

We connect producers with programs. We partner to deliver risk management programs that are responsive to the changing needs of agriculture.

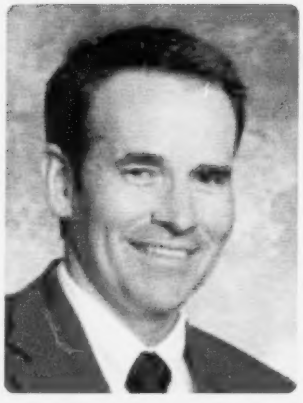
Delivery is our strength. We focus on efficient and effective delivery of programs with quality, integrity and transparency.

Customers are our priority. We want to deliver consistently professional services and programs that provide security today while helping our customers manage their risks in the future.

Our people are the foundation of our success. Collaboration and continuous improvement harness our many strengths for a common focus.

We are publicly accountable. Through the prudent expenditure of public funds, we deliver programs on behalf of our agricultural and government partners with consistency, openness and dependability.

Chair's message



As an agricultural organization in Ontario's public sector, there are two essential things we need to get to ensure we meet our mandate: we really need to get what's important to our customers and, we need to get what's required to operate successfully in a public organization.

To answer what's important to our customers we need to understand the fundamental changes happening in Ontario's agriculture industry – one of the world's most diverse agriculture environments. Ontario boasts 13.3 million acres of agricultural lands and produces more than 200 agricultural commodities from apples, beets, corn and ducks to adzuki beans, elderberries, ginseng and maple syrup. And there's no question it will continue to diversify. Advances in biotechnology, productivity and efficiency, changes in Ontario's demographics and increasing consumer demand for specialty and organic products has transformed the face of agriculture as we know it.

The bar has been raised for us when it comes to serving this industry well. Producer expectations are increasing. They want Agricorp to be adaptable, to be faster, to be flexible when their businesses demand it, to understand their individual needs, to be there when they need us. It's no longer a wish list but a business imperative.

We get it.

We're responding with faster, more accurate processing of customer files, more service channels including online options and better program information that takes the guesswork out of understanding complex programs. We're looking at innovative solutions to help them when they need us most.

"We're constantly evaluating how we are performing so we can make the necessary improvements to how we serve our customers."

We're building stronger relationships with our stakeholders to gain a better understanding of their needs. We're constantly evaluating how we are performing so we can make the necessary improvements to how we serve our customers. We're monitoring and tracking our projects to make sure we stay focused on key deliverables and remain on budget. We're implementing and refining our processes to maximize service levels and we're delivering on the right priorities.

We get it.

How we work is as important as the service we provide. Being part of Ontario's public sector means we have a clear understanding of the kind of organization we are. We work in close collaboration with our funding partners, the provincial and federal governments. We've implemented policies and procedures that hold us accountable for how we operate.

We're fiscally responsible. The results we've achieved, detailed in the 2010–11 *annual report* speak for themselves. We're prudent in administering our funds. We have the right checks and balances in place to ensure government funds are effectively managed. We've made common-sense provisions for managing risk. We have a consistent and balanced approach in place to ensure we calculate our risk accurately.

"We have a consistent and balanced approach in place to ensure we calculate our risk accurately."

As Chair of the board, I can attest to the fact we are operating with the utmost transparency and fiscal discipline. We are keenly aware that good governance means being open, honest and transparent about how we manage our business.

As we start a new fiscal year, we look forward to meeting the challenges of implementing new programs. The work that we do is for our customers and we feel privileged to deliver these services in Ontario's public sector.

We get it.

Larry Skinner
Chair

Board governance

In today's environment, tougher regulations and increasing demands for transparency and accountability in the public sector have meant boards are under pressure to be more effective in their governance role. Good board governance ensures objectives are realized, resources are well managed and the interests of all stakeholders are protected and reflected in key decisions.

At Agricorp, achieving good governance is not a fixed target. We constantly seek out new ideas, new approaches and new points of view. While continuing to operate in a challenging environment, the board of directors remains focused on enhancing the stability and strength of Agricorp.

Board structure and accountabilities

The CEO is hired by the board and reports directly to them. The board reports directly to the minister of Agriculture, Food and Rural Affairs. Board governance guidelines as well as the roles and responsibilities of the Chair, board members and board committees are documented in the board's bylaws and include:

- Fiduciary and operational oversight
- Strategic planning
- Risk management and internal controls
- Legal and ethical conduct
- Director orientation, continuing education and evaluation
- Liaison with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Finance and Audit Committee

Agricorp's board of directors has appointed a Finance and Audit Committee to oversee and advise on the financial management of Agricorp including:

- Monitoring controllership and governance at Agricorp and reporting to the board.
- Communicating Agricorp's business needs, expectations and priorities for its audit plan to the Ontario Internal Audit Division.
- Approving Agricorp's risk assessment and management plans and audit plans.
- Monitoring the adequacy and timely implementation of actions taken in response to audit recommendations.
- Ensuring compliance with the internal audit directives.
- Meeting with external auditors and auditor general employees to review the year-end financial statements.

The committee also oversees the employee pension fund and Agricorp's investment management activities, including periodic reviews of the investment policy statements.

Governance and Human Resources Committee

Created in 2009, the Governance and Human Resources Committee of the board provides oversight and advice on corporate governance and human resource matters at Agricorp, including:

- Recommending changes to the agency's mandate and role, as appropriate, to the board for government consideration.

- Reviewing and recommending a Memorandum of Understanding between the agency and the government.
- Annually reviewing all corporate governance documents.
- Reviewing and recommending the agency's compensation philosophy and guidelines.
- Recommending the criteria and potential candidates to be considered for appointment or reappointment to the board.
- Monitoring and recommending director training and development.

Board capability and performance

The board regularly assesses its collective performance through a structured process of self-evaluation facilitated by an external consultant. The board reviews its competencies annually and identifies areas for improvement. This work helps to inform future board training and the hiring of outside expertise for specific assignments. An annual strategic planning session is held where the board reviews and identifies improvements to governance and initiates the strategic planning process to ensure the agency is on course.

Board orientation and education

When a board member is appointed they receive a detailed orientation and meet with other board members as well as senior management to learn about the business and understand the issues facing Agricorp. The board regularly attends education sessions on financial and risk management, governance best practices and pension plan governance.

Relationship with OMAFRA

A Memorandum of Understanding clarifies expectations and reporting requirements for these three categories: financial, staffing and administration. It also defines the relationship between OMAFRA and Agricorp, including the roles and responsibilities of the minister, the deputy minister, the Chair of the board, the board of directors and the chief executive officer.

Code of Ethics, Oaths of Office and Allegiance

Agricorp has a comprehensive code of ethics outlining professional conduct establishing the standards of ethical behaviour and responsibility Agricorp expects from its employees and board members. All employees and board members sign an annual acknowledgement of this code. The Oaths of Office and Allegiance reinforces to employees the serious obligations and responsibilities they fulfill as members of the public service.

Board of directors

Agricorp's directors are agriculture, business and community leaders whose broad experience, both individually and collectively, are invaluable assets to the organization's oversight. Among other factors, they have been carefully selected for their sound business judgment and integrity.

Agricorp's board members are appointed by the lieutenant governor through an order-in-council on the recommendation of the minister of Agriculture, Food and Rural Affairs. Members serve terms of up to three years and may be reappointed.

William (Bill) Allison (Halton Region) – **April 30, 2008 – April 29, 2011**
Bill is a field crop producer and former director with the Ontario Federation of Agriculture, past director and chairperson of the Ontario Soybean Growers, and a former chair of AGCare.

Gérald Beaudry (Nipissing County) – **June 14, 2005 – June 10, 2011**
Gérald has been a pedigree seed grower for the past 20 years. He has served as provincial director of the Ontario Soil and Crop Improvement Association and of l'Union des cultivateurs franco-ontariens, and local president of the West Nipissing Soil and Crop Improvement Association.

Chris Button (Elgin County) – **July 5, 2004 – July 4, 2010**
A partner in the firm of DenHarder McNames Button LLP, Chris is a certified general accountant. He has held executive positions in his local chamber of commerce and is a certified financial planner and trust and estate practitioner.

Rosemary Davis (Northumberland County) – **May 6, 2009 – May 5, 2012**
An agrologist, Rosemary owns Sunhil Farms Ltd. and Sunhil Investments Ltd. and is a director on the board of the Northumberland Community Futures Development Corporation. She was also the first female chair of the Farm Credit Canada board of directors.

Robert Emerson (Bruce County) – **June 25, 2008 – June 24, 2011**
Robert has farmed since 1961. A former regional director with the Ontario Federation of Agriculture, he is currently president and CEO of a 150-head purebred Charolais operation. He has also served in municipal politics.

David Epp – Vice-Chair (Essex County) – **February 7, 2007 – June 24, 2011**
A third-generation farmer and co-owner of Lycoland Farms Ltd., David served 14 years with the Ontario Processing Vegetable Growers, two of those as chair. He grows processing vegetables and cash crops.

Murray Porteous (Norfolk County) – **February 9, 2011 – February 8, 2014**
Murray is a partner in Lingwood Farms Ltd., which grows tree fruit and asparagus on 850 acres in Norfolk County. He has significant involvement with a number of industry organizations, including previous roles as chair of the Ontario Fruit and Vegetable Growers' Association, the Ontario Agricultural Commodity Council and the Agricultural Research Institute of Ontario.

Larry Skinner – Chair (Perth County) · **May 13, 2009 – May 12, 2012**

Larry is a full-time swine farmer who served on the board of Ontario Pork for eight years, three of those as chair. Before he began farming he worked as an agricultural lender for TD Bank. He is currently pursuing a master of divinity degree from the University of Toronto.

Rod Stork (Guelph) · **January 4, 2011 – January 3, 2014**

Rod held many roles in his more than 30 years with the Ontario Ministry of Agriculture, Food and Rural Affairs, including chair of the Ontario Farm Products Marketing Commission and director of Economic Development. Following retirement, he served as part-time chair of the Agriculture, Food and Rural Affairs Appeal Tribunal. In 2008 and 2009, he facilitated the Grains and Oilseeds working group, leading to the formation of the Grain Farmers of Ontario.

John Van Turnhout (Stormont County) · **June 14, 2005 – June 10, 2011**

John has been farming since 1965, first in dairy and later in cash crop and custom work. He has served as director of the St. Lawrence River Institute of Environmental Sciences, among other local bodies.

Agricorp governance

Agricorp is committed to maintaining the highest standards of conduct and corporate governance, which we believe is essential to running our organization efficiently, serving our customers well and maintaining our integrity. We constantly review and refine our governance practices to ensure we are upholding the highest standards for ethics and transparency. We continually work to strengthen our policies and procedures and adopt new standards as they evolve.

AgriCorp Act

Agricorp is a provincial crown corporation created under the *AgriCorp Act, 1996* and classified as an operational enterprise agency. The act outlines Agricorp's purpose, powers, mandate and structure. The act authorizes Agricorp's board of directors to create bylaws detailing the board's operating policies.

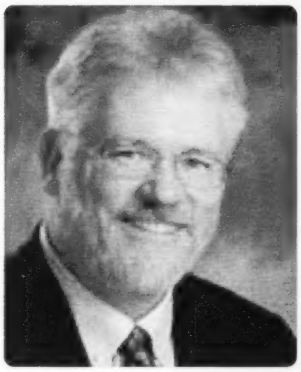
Operational agency

Operational enterprise agencies sell goods or services to the public in a commercial manner. We follow leading governance practices to ensure full compliance with legislation and directives, and our daily activities are guided by the highest standards of conduct. We are responsible for the judicious use of public resources and for carrying out established mandates.

Governance

Agricorp conducts itself according to accepted management principles, including ethical behaviour accountability, prudent use of public funds and high quality service. Agricorp's operating decisions are made independently and impartially, with operations at "arm's length" from government. As an agency of government, Agricorp is publicly accountable and is overseen by provincial and federal auditors. Many of the programs Agricorp delivers are funded by the provincial or federal governments, or both.

CEO's message



This past year we focused the combined strengths of our people, our processes and our programs to work on behalf of the government and our customers, and we are seeing these efforts translate into some of the highest customer satisfaction scores we have ever achieved. We've made considerable progress in working closely and collaboratively with the Ontario Ministry of Agriculture, Food and Rural Affairs, with producers, with stakeholders and with agents. It is critical we fully understand what is needed of us from our various stakeholders and that we continue to work together to develop plans and meet those expectations.

We make sure we're present where the industry meets – at trade shows, conferences and seminars – making connections, providing first-hand information and finding out what's on producer's minds. We've made it a priority to meet regularly with stakeholders and to ensure everyone has current information and that we are working together. We've made significant efforts to reach out to agents so they understand more about the products we deliver. In turn, helping them become more knowledgeable helps us become more efficient in managing our customers' files. This work has gone a long way to reassure our partners that Agricorp can deliver the programs both efficiently and cost effectively. This year's work will serve as a solid base for what's in store for Agricorp next fiscal.

"Sound business processes are also critical to ensuring our public accountability and stewardship of public funds is never in doubt."

How we work at Agricorp has changed significantly over the years. The fact we've grown from an organization delivering one risk management program to delivering a suite of programs required fundamental changes to how we deliver. Processes are what knit organizations together and it's how work gets done consistently to quality standards. They need to be repeatable and they need to be integrated, streamlined and documented so customers receive a consistent experience no matter what channel they use to contact us. Sound business processes are also critical to ensuring our public accountability and stewardship of public funds are never in doubt.

We've made a number of enhancements to several plans under Production Insurance this year in response to industry feedback. We continue to lead the country when it comes to processing targets. Last year we met all and even exceeded some of the processing targets for AgriStability. This is a major improvement over previous years, and it has taken a commitment to continuous improvement to get us there.

We are very proud of our work and the success we have achieved but we also know there is much more we can and must do. In March 2011, the Ontario government announced it will be working with the agricultural industry to develop permanent risk management programs for the grains and oilseeds, edible horticulture, cattle, veal, sheep and hog sectors. The expectations for Agricorp are considerable.

I invite you to read on and learn more about our portfolio of risk management programs and how we are measuring success against the triple bottom line of our people, our processes and the programs we deliver.

Randy Jackiw
Chief Executive Officer

Programs Agricorp delivers day-to-day

Our mandate is to deliver programs targeted to the agricultural sector on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). In addition to delivering these programs, every year we identify opportunities for enhancements, improvements and efficiencies outlined in the highlights sections of this report.

AgriStability

AgriStability is a business risk management program that protects against large declines in a producer's net farming income due to market conditions, production loss, or increased costs. The program is available to producers of all agricultural commodities. In 2010–11 AgriStability had more than 20,000 customers and delivered over $136 million in program payments to those who incurred losses.

Production Insurance

Production Insurance protects Ontario producers from yield reductions and crop losses caused by adverse weather and other insured perils. Payments are triggered when the total harvested yield is less than the guaranteed production. Production Insurance provides coverage for more than 90 commercially grown crops in Ontario. In 2010–11 more than 15,000 producers were enrolled in Production Insurance, representing over 4.9 million acres and $2.4 billion in liability.

Risk Management Program pilot

The Risk Management Program (RMP) for grain and oilseed producers was implemented as a three-year pilot in 2007 and extended for one year in 2010. The program offsets financial losses caused by low commodity prices. Payments are triggered when prices for grains and oilseeds fall below a specific support price based on a cost of production formula. In 2010–11, Agricorp distributed $32 million to eligible grain and oilseed producers.

For the delivery of Agricorp's three main programs, AgriStability, Production Insurance and the RMP pilot, Agricorp manages and administers applications, renewals, underwriting, claims and audit activities. Agricorp's integrated workforce includes employees in both Guelph and Stratford and field employees located throughout the province. Agricorp maintains an information technology infrastructure to manage and process information from customers and other data providers such as Agriculture and Agri-Food Canada and OMAFRA.

Farm Business Registration

Farm businesses that gross $7,000 or more in annual farm income are required by law to register their business. *The Farm Registration and Farm Organizations Funding Act, 1993,* was enacted to provide accredited farm organizations with a stable source of operating funding. Agricorp administers the Farm Business Registration program on behalf of OMAFRA by collecting membership fees and approving program eligibility.

In addition to managing the collection and disbursement of registration fees to the general farm organizations, Agricorp collects farm product data which OMAFRA uses for the farm tax program and for policy analysis and program development purposes. There were nearly 46,000 Farm Business Registration applications in 2010.

Grain Financial Protection Program

The program protects the financial interests of Ontario producers who sell grain corn, soybeans, wheat and canola to licensed dealers or producers and owners of grain who store these products in licensed elevators.

When producers sell their grain, a portion of that sale is deposited into an insurance fund managed by the Grain Financial Protection Board. If a dealer defaults on payment of a sale or a grain elevator defaults on an inventory, a producer can make a claim against the fund. Agricorp's role is to review and license dealers and elevators to ensure they are viable businesses. Agricorp performs an annual financial analysis of dealers prior to issuing a licence and conducts site inspections to ensure dealers, elevators and their operators are in compliance with the *Grains Act.* Inspections involve assessing grain inventory levels, gathering additional financial information and investigating non-compliance complaints.

For the 2010–11 fiscal year, Agricorp licensed 298 dealers and 369 elevators at locations across Ontario. Grain sales covered by the program were $2.5 billion.

Plum Pox Eradication Program – Leaf and wood sampling

Agricorp is under contract with OMAFRA to deliver the Plum Pox Eradication Program. The plum pox virus, a serious plant disease infecting stone fruit including peaches, nectarines, plums, apricots and ornamental varieties, was found in Ontario in 2000. Plum pox does not kill trees, but can drastically reduce yields. To help eradicate the virus, Agricorp operates a summer leaf sampling and winter dormant wood sampling program on behalf of the Canadian Food Inspection Agency. The sampling program identifies infected trees which are then destroyed to prevent further spread of the disease.

In 2010–11, Agricorp collected more than 811,000 leaf samples and 2,140 dormant wood samples.

Plum Pox Eradication Program – Asset loss financial assistance

On behalf of the federal and provincial governments, Agricorp delivers financial assistance to commercial fruit growers and nursery operations required to remove orchards or nursery stock affected by the virus. By working with the Canadian Food Inspection Agency, Agricorp administers applications, validates tree removals and pays out claims.

In 2010–11, 29 growers received compensation through this program.

Orchards and Vineyards Transition Program

The Canada-Ontario Orchards and Vineyards Transition Program started in 2008. This program is aimed at rejuvenating Ontario's orchards and vineyards by compensating grape, apple and tender fruit producers for part of the costs of removing fruit trees and grapevines. Agricorp managed the program by administering producers' applications and validating acres registered under the program against actual removals.

For the first three years, 763 producers received $18 million for the removal of 11,131 acres. Of this, over $6 million was delivered in 2010–11. Over the next five years, Agricorp will monitor these farms to ensure they comply with the requirement to keep the land in or available for agricultural use for five years.

Dairy Credit Program

Agricorp is under contract to the Dairy Farmers of Ontario to deliver the Dairy Credit Program. This program protects the financial interests of milk producers by assessing the credit worthiness of provincial processors. In 2010–11, Agricorp analyzed the quarterly and annual financial statements of Ontario's 51 dairy processing plants, which purchase $1.5 billion worth of milk annually from producers.

Data management services

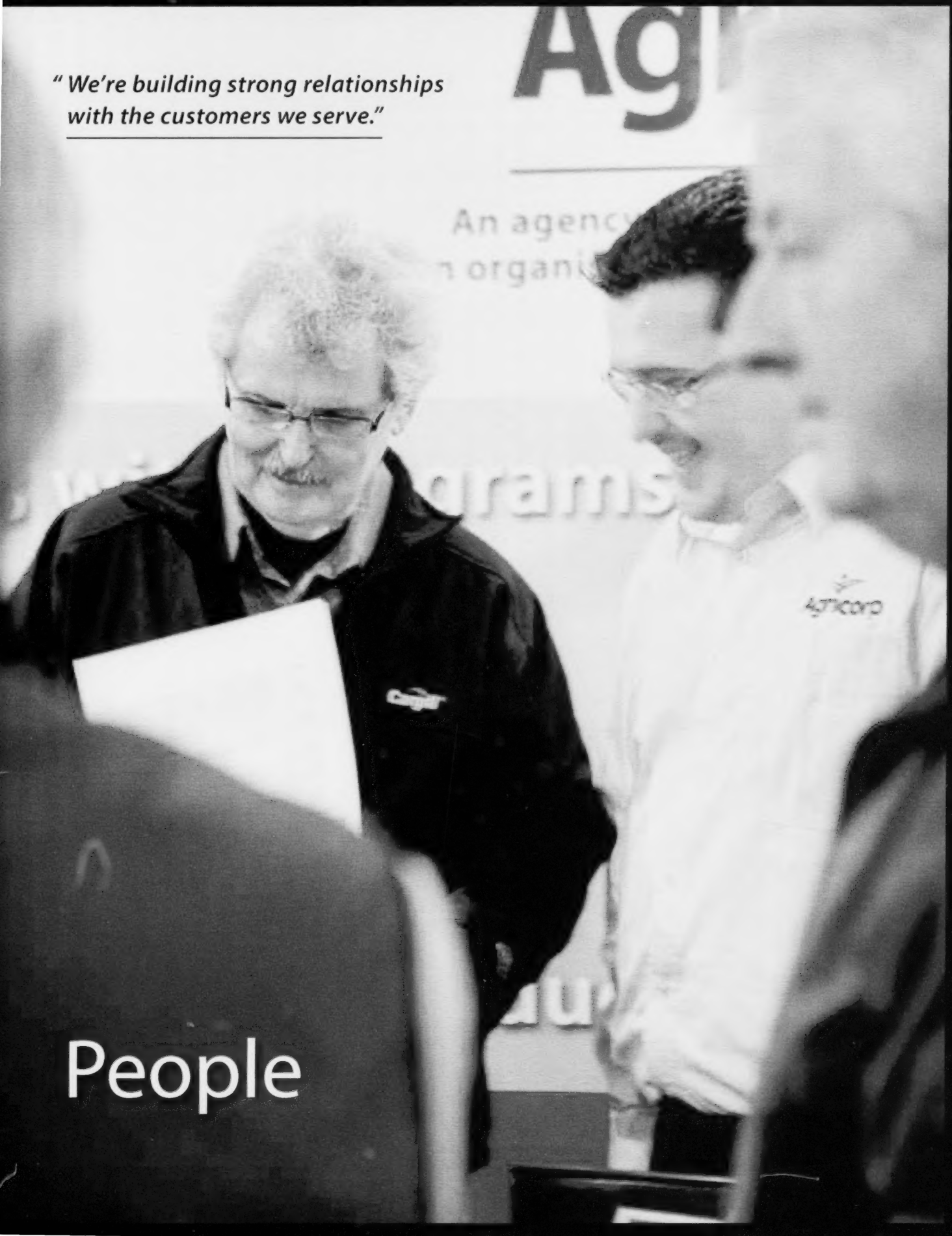
Agricorp works with the Grape Growers of Ontario and the Ontario Apple Growers to operate and enhance a web-based data management service for grapes and apples. Agricorp uses GPS technology to accurately measure and map growers' vineyards and orchards to capture agronomic information. This service allows growers, commodity groups and Agricorp to track information and establish trends in areas such as plant inventory, variety, age, yield and quality.

For Agricorp this database provides detailed agronomic information essential for the effective and efficient delivery of programs such as Production Insurance, AgriStability and the Orchards and Vineyards Transition Program. With the information gained, Agricorp, the associations and growers can use the aggregate data on food quality, safety, traceability and the environment to enhance risk management programs and to support marketing and other initiatives.

Verification Services for Alternative Land Use Services

This program is initiated by Alternative Land Use Services through the Norfolk Federation of Agriculture. Agricorp provides third-party verification services to support this regional not-for-profit environmental stewardship program. Through this program producers are compensated for the removal of environmentally sensitive land from agricultural production. Agricorp's field staff verify the producer's compliance with their Alternative Land Use Services agreement using GPS technology to map and validate acreage and the collection of other pertinent agronomic information. In 2010–11, Agricorp validated 21 producer projects.

" We're building strong relationships with the customers we serve."



People

People

Building relationships with Ontario's agricultural industry matters to Agricorp

Forming strong ties with the agricultural industry has been mission critical for Agricorp. Meeting regularly with customers and stakeholder groups gives Agricorp staff keen insight into what's on their minds so program delivery is more efficient and programs are more relevant. Looking for ways to interact with the industry quite simply helps staff perform better. And, Agricorp's customer satisfaction scores – the highest since 2004 – are proof this strategy is working.

Agricorp meets regularly with stakeholder groups throughout the year. Regional managers and adjusters regularly attend commodity and grower meetings. "It gives us an opportunity to speak directly to stakeholders about Agricorp's strategies and priorities," says Debbie Brander, senior industry specialist, Program Development. "We also get to hear first-hand about emerging issues and we get direct feedback from them on how well we're performing."

Agricorp is often asked to be part of meeting agendas, give comprehensive program presentations and participate as industry experts on panels. From December 2010 to January 2011 alone, staff attended over 50 industry meetings and events. This growing industry involvement means Agricorp is well informed about issues and can respond quickly with solutions if needed. For example, participants in the 2009 forage focus stakeholder meeting provided feedback on potential enhancements and options for an excess rainfall option under the forage rainfall plan. Agricorp implemented the pilot option in February 2011.

As regional managers, John Barkovic and Doug Green have helped to develop those strong ties. "It's a fast-paced, demanding and challenging job that never gets boring," says John. "I've always found working with farmers rewarding," Doug adds. For both of them, helping customers is all in a day's work. John and Doug, along with their teams of adjusters and regional specialists are the faces of Agricorp our customers see on a regular basis. Both share an agricultural background that comes in handy when producers look to them to understand their needs.

Agricorp looks for ways to engage customers, industry stakeholders and agents in learning opportunities to improve program understanding. It's also a learning opportunity for Agricorp to fully understand their needs. Agricorp hosts AgriStability agent information sessions in several Ontario locations annually. These agents, largely bookkeepers or accountants who work with producers to complete AgriStability applications and forms, benefit from these meetings by learning more about common application errors, finding ways to complete the application process quickly and getting program updates through presentations from subject matter experts. This year, the full-day sessions placed special emphasis on the new AgriStability fillable PDF forms. The agents find these sessions informative especially when speakers are available to answer questions one-on-one.

Building strong ties can happen just about anywhere. A walk down any aisle at Canada's Outdoor Farm Show in Woodstock, Ontario reveals acres of new farm equipment and the latest in agricultural technology. Among the shiny new machines and high-tech gadgets, Agricorp is also there. Susan Cornell, who manages Agricorp's involvement in the agricultural trade shows, feels the shows provide Agricorp with another opportunity to meet producers on their turf. "We're right there where producers go to network with other producers and research new products and technologies," says Susan. "It's the perfect time to have one-on-one discussions about their business."

A producer chats with one of Agricorp's regional managers at a recent agriculture show.

In addition to the Woodstock show, Agricorp regularly attends the Canadian International Farm Equipment Show, the Western Fair Farm Show and the Ottawa Valley Farm Show. In 2010, Agricorp's booth played host to over 2,200 visitors at four different farm shows. A fifth show has been added to Agricorp's agenda for this fall. Agricorp is also involved in many of the county and township farm show venues throughout Ontario.

Agricorp's need to understand producer concerns is evident in the call centre where customer satisfaction scores have been climbing in recent years. On a typical day, customer care representatives handle a barrage of calls from producers ranging from reporting yields, final acreage reporting, claim inquiries, new applications and payments processing. Esther Herron, a customer care representative since 2006 describes what she believes are necessary skills for her role. "We need to be knowledgeable about all of the programs Agricorp delivers. We need to be solutions driven so we can provide first call resolution as often as possible. And, we need to be professional at all times because we're the voice of Agricorp."

We're listening. Whether it's meeting with producers at farm shows, attending stakeholder events, holding information sessions or working with customers in the call centre we're investing our time and our people in building the relationships we need to be successful. There's more work to do but our customer satisfaction scores tell us we're heading in the right direction.

2010–11 Highlights

Building and managing industry relationships is key to Agricorp's ability to provide the best service possible to our customers.

The following highlights illustrate what Agricorp did in 2010-11 to make these relationships succeed.

Customer satisfaction survey results highest since 2004

Agricorp has been making significant improvements to how it delivers programs and the results of these efforts are clearly being noticed by customers. The 2011 survey saw Agricorp's highest ratings since 2004, with particularly high ratings for the call centre and regional services.

Agricorp has conducted an annual customer satisfaction survey since 1999 to ensure that its work aligns with customer expectations and to learn more about what they think. The survey is conducted by an independent third party and the results are used by the board of directors to evaluate the organization's overall performance.

Shifting to a holistic customer view

Agricorp was created to deliver one program: Crop Insurance. Since then, it has taken on delivery of several programs, each with its own IT system. Many functions are duplicated across the different systems, increasing maintenance and development costs. Each program system currently stores its own customer information, interaction history, financial information and farm data. Customers expect a holistic view of their program activities, but due to the disparate IT systems Agricorp is unable to provide that.

In 2010–11, Agricorp moved forward on its plan to provide a holistic view of customer information and financial transactions. The Cross-Program Customer and Customer Accounting projects are underway. These projects will build the linkages across multiple programs and will serve as the foundation for a more holistic customer view of financial transactions. Agricorp also finalized its Common Foundations business case seeking additional funding to implement new technology systems to centralize key functions.

Strengthening relationships with stakeholders

Creating dialogues with stakeholder groups gives Agricorp keen insight into what's important to customers. This insight helps Agricorp deliver programs more effectively and improve the relevance of its program offerings. In 2010–11, Agricorp continued to meet regularly with the Ontario Agricultural Commodity Council. The agency also worked more closely than ever with the Grain Farmers of Ontario, through the Risk Management Program Advisory Committee, and by participating in the Grain Farmers of Ontario's inaugural "Grains in Action" sessions to further the leadership capacity of the Grain Farmers of Ontario members. Agricorp also worked closely with the Ontario Flue-Cured Tobacco Growers' Marketing Board and the Seed Corn Growers of Ontario on program-specific issues and processes.

Developing a more knowledgeable workforce

Ontario agriculture is a complex and dynamic industry that requires specific knowledge to understand. In 2010–11, Agricorp worked with the George Morris Centre to develop and deliver a specialized course for Agricorp managers to couple their management skills and knowledge brought from other industries with more advanced agricultural knowledge. Agricorp also initiated training for staff in insurance practices and principles.

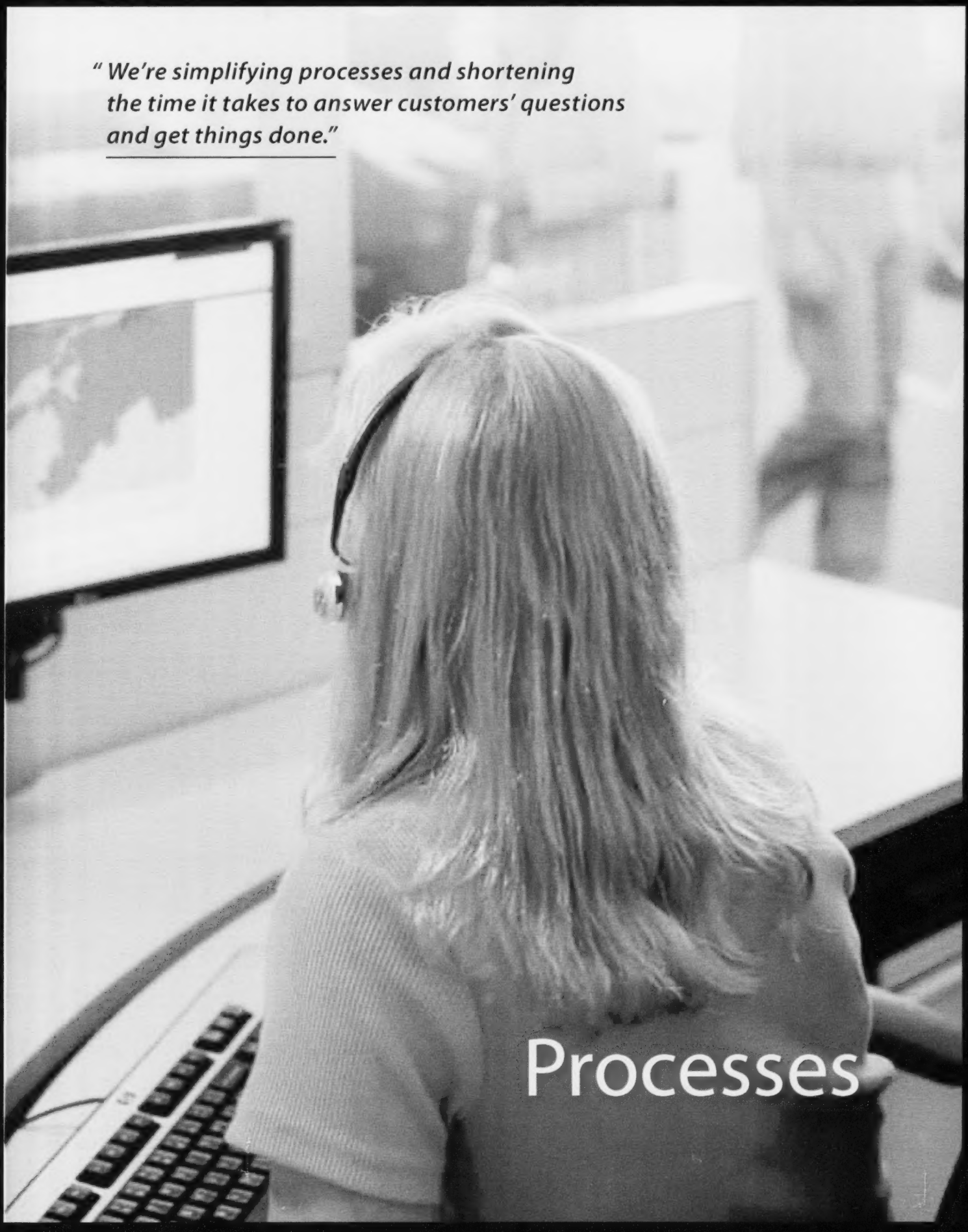
Meeting agents' needs

Agricorp recognizes the important role of agents who act on behalf of customers, especially participants of AgriStability. To better meet the needs of this important demographic, Agricorp hosts annual information sessions to share key program information and gain insight. Agricorp is committed to continually improving these annual events. Agents have responded positively to the pilot project to match agents with AgriStability claims adjudicators. This process has been maintained to better deliver information and communication to agents.

2010–11 Performance targets and results

Target	Result
Maintain a positive trend or improve upon previous five-year customer satisfaction survey results.	In the 2011 customer satisfaction survey, Agricorp's overall performance rating was 3.55*, which maintains the positive trend, and is higher than the previous year's 3.44* result and the previous five-year average of 3.34*.
Maintain a positive trend or improve on previous survey results in three areas of customer service: call centre, regional services and effective communications.	The 2011 ratings show positive trends in all areas of customer service: The call centre's performance rating increased for the fifth consecutive year, and now stands at 4.04*, up from 3.87* the previous year. Regional services received a higher score than all previous five years for overall performance, with a rating of 4.23,* up from 4.00 the previous year. The customer rating for communicating effectively improved for the fourth year in a row, scoring a 3.70* compared to 3.63* the previous year.
Achieve a rating of 3.50* or higher for operating with the utmost integrity, in the customer satisfaction survey.	Customers rated Agricorp 3.75* for operating with the utmost integrity, the same result as the previous year.
Provide quarterly reports to the Stakeholder Relations Committee.	Trend and issues reports have been presented to the Stakeholder Relations Committee on a quarterly basis.
Achieve a five per cent increase in highly engaged employees, within two years, compared to results of the 2009 employee engagement survey.	The total of engaged and highly engaged employees in 2010 was 73 per cent. The number of highly engaged employees as measured in the 2010 employee engagement survey was 29 per cent, down slightly from 30 per cent in 2009.
Ensure that target compensation rates remain in the 50th percentile of the market.	Compensation rates remain within the 50th percentile; compensation administration remains within the Public Sector Compensation Restraint Legislation.

* Customer satisfaction survey results are scores out of five.


" We're simplifying processes and shortening the time it takes to answer customers' questions and get things done."
Processes

Processes

Process improvements and putting the customer first is helping Agricorp get it right

Providing customers with better service at all touch points has been challenging for Agricorp, but with more focus on being timely, being predictable, being cost effective and being accountable, Agricorp is continuing to see these efforts translate into more positive scores on our customer satisfaction survey.

So, what does that focus look like for Agricorp?

A focus on being timely...

Certainly one of the biggest improvements has been the timely processing of claims. In all instances file processing for programs has been accurate and met or exceeded established targets. Agricorp's program delivery continues to lead the country. Ontario's deadlines for AgriStability are earlier (June 30) than other jurisdictions (September 30) allowing Agricorp to get money into producers' hands sooner. By November 25, 2010 Agricorp met its target of processing 95 per cent of 2009 AgriStability files. The national standard for AgriStability is to process 75 per cent of files within 75 days of receiving all required information. In 2010–11 Agricorp achieved 79 per cent – a significant improvement from 70 per cent in 2009–10 and 49 per cent in 2008–09.

A number of process improvements made this possible. A process for handling files with large or unique claims was implemented for AgriStability, Production Insurance, the Grain Financial Protection Program, and the Orchards and Vineyards Transition Program. More time is now spent up front with clear and transparent documentation in place and as a result customer responses were handled quickly. Issues are resolved faster and fewer cases are sent through an appeals process. All this contributes directly to more satisfied customers. Progress was also made on implementing file segmentation for Production Insurance to streamline the claims process.

An Agricorp regional manager makes a presentation to agents at a recent information session.

Processing efficiency was also achieved as more producers and agents submitted forms online. Ongoing system enhancements to Agricorp's e-services are providing producers and agents with self-serve capabilities allowing producers and agents to conduct many activities online at their own pace and time. Agricorp.com, Agricorp's external website, was revamped to provide customers with easy-to-access information. As a result, online use is increasing.

An online reporting tool has seen submissions increase by 41 per cent over 2009–10. Continuing feedback from producers using online acreage reporting is helping us shape future online services including the development of an online tool similar to the online acreage reporting tool to report yield.

In Agricorp's call centre, customer satisfaction survey scores have been heading in a very satisfying direction – up! The new call routing system for Production Insurance reduced the time a customer had to wait to reach a customer care representative. Customers can select their program option and specific crop code to ensure they reach a customer care representative trained on their crop plan. This eliminates the need for producers to wait in a general queue.

The introduction of online materials for all the major programs allowed customer care representatives to have the program information they need readily available. "Having materials at my fingertips allows me to do the job I'm paid to do and do it well," says Cheryl Brown, customer care representative. "In my role I have to know a lot about the programs we deliver."

A focus on being predictable...

Agricorp continued to strengthen program delivery efficiency and quality by introducing standardized processes. Processes are now in place for handling conflict of interest files and as mentioned earlier large and unique files. Agricorp also segmented and streamlined processes for Production Insurance claims.

The implementation of best practice business processes from the financial sector including the standard operating procedures for the Grain Financial Protection Program will mean a more streamlined workflow and predictable and repeatable processes. Coupled with the sharp focus of the Program Quality Assurance and Performance Standards department, to monitor quality control in program delivery, the end result is a better customer experience.

A focus on being accountable...

Behind the scenes Agricorp has done a considerable amount of work to comply with a number of directives and legislative changes including the revised Agency Establishment and Accountability Directive, expense legislation and the new compensation restraint legislation for public servants. Agricorp's Memorandum of Understanding has been amended to align with the revised Agency Establishment and Accountability Directive. Agricorp also adjusted its risk assessment and management framework to align with both the directive and the Ontario Ministry of Agriculture, Food and Rural Affairs' (OMAFRA) risk management plan.

When producers contact Agricorp they are looking for three things: quick responses, knowledgeable answers and an understanding ear. With this tight focus on being timely, being predictable, being cost effective and being accountable, we're making those three things a great deal easier to achieve.

2010–11 Highlights

In our three-year strategic plan we outlined a clear path on how we'll improve our customer service and program delivery.

In 2010–11, the following highlights supported Agricorp's goal to make it easier for our customers to do business with us.

Offering better online services

In June 2010, Agricorp launched a new agricorp.com to make program information more relevant, timely and easy to find. The old site required producers to identify the program they wanted information about first. The new site allows the producer to identify the commodity they produce and provides a list of programs relevant to that commodity. All program information is organized in a predictable, producer-focused structure to more quickly direct the producer to the information they need.

In response to feedback from users, Agricorp also improved the authentication process for online acreage reporting for spring 2010 including a more user-friendly login and improved data-entry features.

Enhancing the e-service channel

Online usage is continuing to grow. To meet the increasing demand for new tools Agricorp is looking at several options. The filing of final acreage reports submitted online this year increased by 41 per cent over 2009–10. Given feedback received from producers who use the online acreage reporting tool, Agricorp is reviewing the feasibility of creating a similar online tool to report yield.

Agricorp also launched a pilot project to offer fillable PDF forms for AgriStability. These downloadable forms can be saved and completed offline, and then submitted electronically with the click of a button. Additional benefits include improved data accuracy, reducing the number of calls required to resolve incomplete or incorrect data, and an alternative service channel for producers and agents to submit data. Pre-populated AgriStability forms will be made available to producers and agents by the end of May 2011.

Improving customer information

The processing vegetable plan overview was introduced to provide growers with the Production Insurance plan details relating specifically to processing vegetable growers' needs.

A new guide for organic growers was developed to help them learn more about coverage options under the Production Insurance, AgriStability and AgriInvest programs. This guide was created to meet the growing needs of the organic council and succeeds on many levels in explaining more about the programs Agricorp delivers.

Implementing new delivery processes

New procedures to manage file processing and workflows contributed to Agricorp's ability to reach its target dates in 2010–11.

A process for handling files with large or unique claims was implemented for AgriStability, Production Insurance, the Grain Financial Protection Program, and the Orchards and Vineyards Transition Program. The new process is designed to improve file accuracy and customer service as well as promote sound, transparent decision-making and consistent communication of decisions made to customers. The new process also ensures identified trends and issues are raised to the appropriate business area.

The implementation of the Program Quality Assurance and Performance Standards department also enabled the segmentation of file types within and across programs during quality audits and claims reviews.

A manual documenting underwriting procedures for the Grain Financial Protection Program was completed, with plans made to implement it in the first quarter of 2011–12. Current employees have been transitioned to the new organizational structure to enable implementation of the new workflows, and recruitment of additional grain elevator inspectors is underway. Plans are being developed for training and to transition non-underwriting work to the appropriate areas.

As a result of lessons learned from developing the Grain Financial Protection Program's underwriting manual, the broader underwriting standard operating procedure project was re-scoped and re-planned as of November 2010. As-is workflows for the underwriting processes for Production Insurance and AgriStability have been documented and are under review. Additional resources have been hired to support the development of standard operation procedures for risk management programs, Production Insurance and AgriStability.

We have an Annual Business Calendar in place that charts activities and milestones to deliver AgriStability and Production Insurance. With the past year being the first year to fully use the calendar, Agricorp met 97.6 per cent of the milestones surpassing the 80 per cent target. To document the knowledge gained from delivering the 2010 RMP pilot extension, Agricorp developed an Annual Business Calendar framework which can be used in the delivery of new risk management programs.

Meeting the majority of call centre performance targets

The total number of calls to the call centre continued its year-over-year decline, with 14 per cent fewer calls in 2010–11 than in the previous year. One explanation for this decline is the cross-training of customer care representatives to handle multiple program questions in a single call. At the same time, the number of calls related to the Risk Management Program (RMP) pilot increased by 31 per cent. The high concentration of RMP-related calls in Q3 caused some ratings to be slightly below target. However, the call centre still met the majority of its performance targets for the year.

Behind-the-scenes at Agricorp's call centre.

Managing in-year challenges

Agricorp continually adjusts activities and resources based on day-to-day and project work, short and long-term priorities and issues requiring immediate attention often resulting in unplanned work. Several projects required adjustments to project timelines and deliverables.

The 2009 tax data received from Agriculture and Agri-Food Canada impacted Agricorp's ability to process 2009 AgriStability files. Data quality and the late receipt of Agriculture and Agri-Food Canada's files due to their new IT systems meant resources from other areas in Agricorp were required to help with the manual file clean-up to reconcile the information. In spite of the unanticipated workload, processing targets for 2009 files were met.

Inclement weather including tornados and windstorms and an early spring meant many producers were dealing with damage. Agricorp worked closely with each producer to determine their needs.

Repositioning the Common Foundations business case

Agricorp repositioned the Common Foundations business case to reflect the current economic environment. The business case supports a tiered approach leveraging existing technology and building new essential systems for effective customer service. The new systems will provide a cross program view for customer, premise and financial information. The benefits include better customer service and improved program delivery.

Improving the Agricorp-OMAFRA accountability process

A draft of the Memorandum of Understanding between Agricorp and OMAFRA has been finalized by the board and the minister. This is in alignment with the revised Agency Establishment and Accountability Directive. OMAFRA and Agricorp are now drafting an operational agreement.

Ensuring compliance on directives and audits

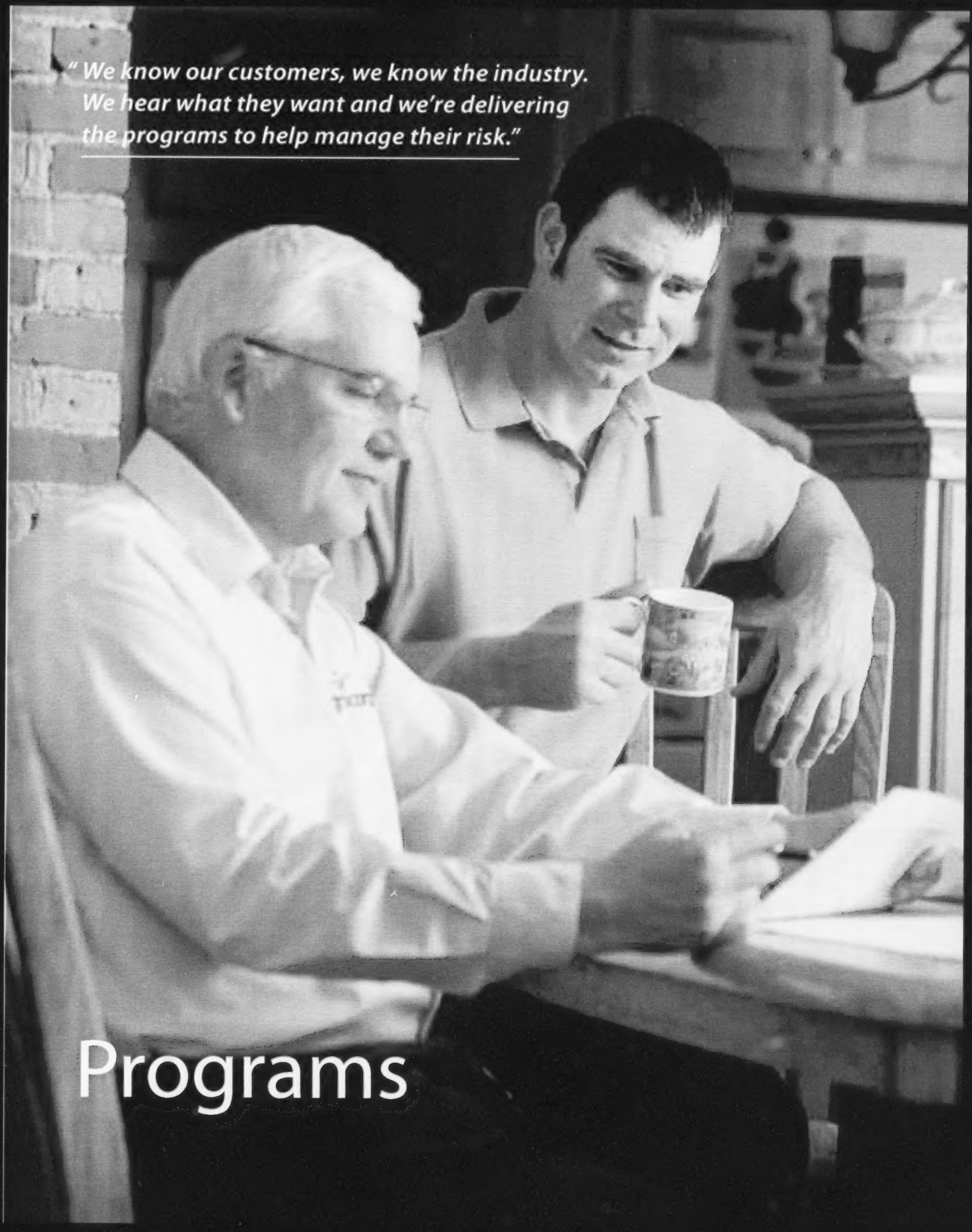
Accountability of government and its agencies continues to be at the forefront of public concern. Agricorp is compliant with the compensation restraint legislation introduced in 2010 and the revised Travel, Meal and Hospitality Expense Directive. Agricorp is also compliant with the Occupational Health and Safety Amendment Act (Violence and Harassment in the Workplace). Training was completed for all staff for both directives.

Ontario Internal Audit completed an internal audit of Agricorp expenses. Results showed everything to be in order. Ontario Internal Audit also completed an audit of procurement processes. The results showed no infractions but processes need to be better documented.

2010–11 Performance targets and results

Target	Result
Increase the number of online AgriStability data submissions by 15 per cent.	The number of online submissions increased by 20 per cent over the previous year.
Increase the use of Online Acreage Reporting for Production Insurance data submission by 15 per cent.	The use of the online reporting tool for Production Insurance data increased by 41 per cent over the previous year.
Provide quality processing of Production Insurance files within a two per cent error rate as tested through Dollar Unit Sampling.	A zero error rate for Production Insurance files was achieved.
Provide quality processing of AgriStability files by reducing the number of amendments over the previous year.	The number of AgriStability file amendments for 2009 was reduced by more than 50 per cent with 284 amendments compared to 667 amendments the previous year.
Provide quality processing of RMP pilot files with a payment error rate of no greater than two per cent.	The RMP pilot error rate was less than one per cent.

Target	Result
Meet 80 per cent of program milestones as defined in the Annual Business Calendar for Production Insurance, AgriStability and the RMP pilot.	97.6 per cent of the Annual Business Calendar milestones for Production Insurance and AgriStability were met. All customer milestones for the RMP pilot were met.
Implement annual program changes/ rollover operating processes with a zero per cent error rate.	There were four errors that impacted Agricorp customers. Changes to commodity prices functionality in the AgriStability information technology system affected 106 customers. Additional information printed on AGR-1 tax forms affected 127 customers. There was a delay in sending cheques to 15 RMP pilot customers due to an AgriStability information technology system issue. There was a delay in sending Production Insurance renewal packages to 312 customers. Corrective action: Agricorp has enhanced and will continue to improve its processes and quality reviews to limit errors and eliminate potential impacts to customers.
Have 99 per cent network availability during business hours.	Network availability was 99.8 per cent during business hours.
Ensure that a high performing joint governance structure between Agricorp and OMAFRA is operating effectively.	Agricorp and OMAFRA have developed and implemented new processes to enhance the governance structure through the use of a monthly dashboard for projects and updated meeting processes. The monthly agendas are more consistent and support more productive meetings.
Submit business plan to OMAFRA by March 1, 2011.	Agricorp submitted the 2011–14 business plan on March 8, 2011. Corrective action: Agricorp will continue to collaborate with OMAFRA and build on the current governance framework.
Submit the annual report to OMAFRA within 120 days of year end.	Agricorp submitted the annual report on July 30, 2010.
Provide timely, accurate quarterly operational reports to Agricorp's board of directors and government partners.	Reports were provided to the board of directors and government partners in a timely manner.


" We know our customers, we know the industry.
We hear what they want and we're delivering
the programs to help manage their risk."

Programs

Programs

Delivering programs in Ontario's diverse agricultural sector requires knowledge, experience – and listening to producers

Ontario boasts 13.3 million acres of rich agricultural lands and produces more than 200 agricultural commodities including soybeans, corn and wheat as well as fruit and livestock. It's also one of the most diverse agricultural areas in the world. There's no question Ontario's agricultural industry will continue to diversify as technological advances result in new seed development, productivity and efficiency gains, consumer interest in organic food promotes increased production, and changing demographics generates further research into specialty crop areas.

Agricorp's role is to work with government and industry partners to deliver programs, expand programs and enhance programs that contribute to the vitality of Ontario agriculture. In 2010–11 Agricorp worked with a number of different partners to deliver programs and program enhancements.

As the industry continues to undergo change so do the ways governments respond to these changes. Agricorp has grown from delivering one program in 1997 to delivering an entire suite of risk management programs. In 2010–11 alone Agricorp introduced a hard white winter wheat plan, an organic corn plan, a pilot option under Production Insurance covering forage losses due to excess rainfall and the 2010 RMP pilot extension as well as a number of other enhancements.

Agricorp's extensive engagement with the RMP advisory committee was a key factor in the efficient delivery of the 2010 RMP pilot extension that both tested and proved our ability to deliver. Agricorp was already in the process of winding down the Risk Management Program (RMP) pilot for grain and oilseed producers when the extension was announced by the Ontario government on July 30, 2010. It quickly became Agricorp's key priority to meet the aggressive timelines the program's delivery required. Staff needed to be hired and trained. Adjustments to information technology systems and technology support was required. A new communications plan and collateral materials had to be produced. Agricorp.com, Agricorp's external website, had to be updated. Forms, handbooks and invoices had to be mailed and premium collection had to be done. Although meeting the many program deadlines was challenging, Agricorp met all of its delivery targets.

Agricorp also delivered the Ontario Tornado Assistance Initiative on behalf of the government to growers affected by a tornado in Grey County in 2009.

A number of programs were also enhanced through discussions with stakeholder groups. Stakeholders provided feedback on potential plan enhancements to the existing forage rainfall plan under Production Insurance. Agricorp consulted and worked with industry stakeholders including commodity groups to develop the excess rainfall option introduced in February 2011. To date, over 200 producers have enrolled in the option.

With the introduction of the organic corn plan, a new guide for organic growers was developed to help them learn more about coverage options under the Production Insurance, AgriStability and AgriInvest programs. This guide was created to meet the growing needs of the organic council and succeeds on many levels in explaining Agricorp's programs. It was developed in large part following ongoing conversations with organic growers to respond to their need for clear information.

Agricorp partnered with industry to meet their program and service needs. Agricorp provided verification services to Norfolk Alternative Land Use Services. Agricorp has been contracted by the Ontario Greenhouse Vegetable Growers to consult as requested by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) on the development of a financial protection plan to protect growers from default of payment by marketers. Data management services were provided to both the apple and grape growers.

We're listening. Agricorp continues to collaborate, support and work with the industry on many levels as it evolves to meet consumer demands, demographic shifts and technology advancements.

2010–11 Highlights

Delivering Agricorp's portfolio of risk management programs takes collaboration, a solid understanding of industry needs and a commitment to deliver them quickly and efficiently.

In 2010–11, the following highlights supported Agricorp's goal to deliver the programs Ontario's producers need.

Extending the grains and oilseeds RMP pilot

When the Ontario government announced the extension of the RMP pilot for grain and oilseed producers on July 30, 2010, Agricorp was already well into implementing the program's wind-down. Through ongoing discussions with stakeholders and OMAFRA, program milestones were set and met even though timelines were aggressive. On March 29, 2011 the Ontario government announced the creation of permanent risk management programs rolling out in 2011–12 for grains and oilseeds, edible horticulture, cattle, veal, sheep and hogs. The experience gained in delivering the 2010 pilot will serve as the model to follow as Agricorp prepares delivery tactics.

Responding quickly to customer needs

Customers are at the heart of everything Agricorp does. When customers are in need, Agricorp responds. When the Ontario Tornado Assistance Initiative was announced in June 2010 to help Grey County apple growers who lost trees in August 2009, Agricorp delivered. An announcement about the program was made in June, applications were sent out in early August, Agricorp met with every customer to ensure they understood the program and the application and cheques were distributed in early October.

Similarly, after severe summer storms hit Essex County in August 2010, Agricorp called all its customers in the area within days to see if any crop damage had happened. For those with damage, Agricorp visited the farms to assess the damage and kept track of the situation well into the fall.

Adding new programs and product enhancements

Agricorp continues to consult with stakeholders to improve current programs and develop new ones as Ontario's agriculture evolves. In the past year, Agricorp has considered, developed and implemented 18 enhancements such as changes to Production Insurance plans for forage, potatoes, beets, white beans, wheat, seed corn and green and wax beans.

Agricorp's work with forage focus groups resulted in the launch of the excess rainfall option under Production Insurance in 2011. Input from organic producers lead to the introduction of an organic corn plan mirroring the benefits found in the conventional corn plan, also under Production Insurance. A new guide for organic growers has been developed to help them learn more about coverage options under the Production Insurance, AgriStability and AgriInvest programs.

A number of other enhancements to existing plans include adding seed cost benefits for green and wax beans and lima beans, updating the values and definitions of lettuce and watermelons in the fresh market vegetable acreage loss plans, and launching the hard white winter wheat plan.

Agricorp also successfully provided assessment services to the Ontario Greenhouse Vegetable Growers as it investigates the potential for a financial protection program to mitigate the risks to growers from default by marketers.

Ontario's diverse agricultural industry.

Working with OMAFRA

Agricorp and OMAFRA worked collaboratively on a number of projects and initiatives in 2010–11.

Agricorp's expertise in delivering risk management programs has put Agricorp in a unique position as providers of advice and information that will help OMAFRA do their job better. As Agricorp had delivered the RMP pilot up to the extension announced in July, Agricorp was able to provide advice to OMAFRA on the 2010 RMP pilot extension. Agricorp also provided advice and expertise on assessing crop damage to support OMAFRA discussions with stakeholders on wildlife compensation (damage to crops by wildlife) as well as providing options for livestock insurance for OMAFRA-lead discussions with stakeholders. Agricorp provided input to identify priorities for discussions on the next agricultural policy framework.

Agricorp and OMAFRA are working on a number of initiatives together to ensure a collaborative environment. The joint forecasting working group established in 2010–11 will get to work in the first quarter of 2011–12. The joint governance committee will continue to implement the framework developed in 2009–10. Processes for committee meetings are in place to develop effective agenda and minutes jointly. The issue management process is in place to provide information to OMAFRA regarding program delivery related issues on a timely basis. Joint project reporting is also in place for projects that involve Agricorp and OMAFRA. The performance management framework is being implemented to measure how well Agricorp and OMAFRA work together.

2010 –11 Performance targets and results

Target	Result
Process 65 per cent of 2009 AgriStability files within 75 days of receipt.	Agricorp processed 79 per cent of 2009 AgriStability files within 75 days of receiving all required information.
Process 95 per cent of 2009 AgriStability files by November 30, 2010.	Agricorp processed 95 per cent of the 2009 AgriStability claims by November 25, 2010.
Process Production Insurance claims within 20 days of receipt.	The average processing time for Production Insurance claims in 2010–11 was 14 days.
Process 90 per cent of 2009 RMP benefits within 60 days of receiving the pricing information for 2009.	Agricorp processed more than 90 per cent of the 2009 post-harvest payments within 26 days of receiving pricing information.
Process 95 per cent of 2010 RMP pilot extension benefits within 60 days of receiving all required information for 2010.	99 per cent of the 2010 pre-harvest payments were made within 17 days of receiving all required information.
Remain a low-cost provider within the top half of all provincial jurisdictions for low cost provider.	Agricorp's average cost per file was $888 for AgriStability in 2010–11. Data for the average national cost per file is not yet available. Agricorp had the lowest administrative costs per insured farm in Production Insurance at $1,052. The national average is $1,433 per insured farm.
Consider, develop or implement five to 12 new product enhancements annually.	Thirteen new products were implemented and five products were under consideration in 2010–11.
Maintain participant uptake for existing products.	The number of insured acres under Production Insurance was 4.9 million in 2010, up from the long-term average number of 3.7 million. The number of AgriStability customers decreased by nine per cent compared to the previous program year. Corrective action: The number of farmers in Ontario continues to decline while the average farm size increases. Agricorp continues to collaborate with OMAFRA on an AgriStability awareness campaign to inform all producers on the benefits of the AgriStability program.

Financial highlights

AgriStability program

In the current fiscal year, more than 6,400 participants received program benefits of over $136 million. Although more participants received cheques this year, the average amount and the total amount of benefits both were lower than in the previous year.

Production Insurance

The 2010 growing season was exceptionally favourable, resulting in record crops in many areas. A very early and warm spring allowed many producers to plant their crops much earlier than usual. The ideal weather resulted in a longer and more productive growing cycle. Favourable fall weather allowed the producers to harvest these record crops. Total claims for Production Insurance decreased in 2010 to $15 million, down 78 per cent from the prior year claims of $68 million. On a percentage of risk insured, the claims experience was a record low in Ontario. Premium income of $133 million was also down by 11 per cent due to lower premium rates. The Production Insurance fund balance increased from $491 million to $610 million.

Risk Management Program

RMP was a three-year pilot program for grain and oilseed producers for the 2007, 2008 and 2009 crop years, which was then extended for 2010. Agricorp distributed over 12,000 cheques for $32 million to eligible producers during the year. The RMP payment is considered an advance against the Ontario portion of the AgriStability program for the producers.

Orchard and Vineyards Transition Program

This transition program was in effect for the 2008, 2009 and 2010 years. Agricorp delivered over $6 million in support payments in 2010 to assist in the cost of removal of approved orchards and vineyards.

Other government programs

Agricorp paid out $3 million in a variety of smaller programs and programs that are winding down. Generally these are ad hoc or specifically targeted programs that are limited in duration by time or funds.

General fund

Agricorp receives funding on a cost recovery basis from both Ontario and Canada for administering the various programs under contract. Agricorp's administration costs were $46 million, essentially unchanged from the prior year.

Notes

Description of the programs and payments are provided in more detail in Note 4 of the Financial Statements.

Management's responsibility for financial reporting

The accompanying financial statements and the financial information in the annual report have been prepared by management. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management is responsible for the accuracy, integrity, and objectivity of the information contained in the financial statements. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

The financial statements include some amounts, such as provision for claims, that are necessarily based on management's best estimates and have been made using careful judgement.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. The systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The board of directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The board meets regularly to oversee the financial activities of the agency and annually reviews the financial statements.

The financial statements have been examined independently by the office of the Auditor General on behalf of the Legislature and the board of directors. The Auditor's Report outlines the scope of their examination and expresses their opinion on the financial statements of the company.

Randy Jackiw
Chief Executive Officer

Erich Beifuss
Chief Financial Officer

June 23, 2011

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To Agricorp
and to the Minister of Agriculture, Food and Rural Affairs

I have audited the accompanying financial statements of Agricorp, which comprise the balance sheet as at March 31, 2011, and the statements of operations and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Agricorp as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 23, 2011

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Balance sheet

As at March 31, 2011, with comparative figures for 2010

($ thousands)	General fund	Production Insurance	2011	2010
Assets				
Cash	188	892	1,080	2,547
Investments (note 6)	4,768	626,057	630,825	522,112
Accounts receivable (note 5)	5,735	6,827	12,562	10,825
Funds under administration (note 4)	57,241	–	57,241	38,459
Prepaid expenses	629	–	629	1,019
Accrued pension asset (note 12)	4,401	–	4,401	3,297
Capital assets (note 7)	1,099	–	1,099	1,667
Total assets	**74,061**	**633,776**	**707,837**	**579,926**
Liabilities and fund balances				
Accounts payable and accrued liabilities	4,495	216	4,711	6,324
Unearned premiums and revenue (note 10)	4,488	23,279	27,767	21,002
Provision for claims	–	345	345	14,963
Funds under administration (note 4)	57,241	–	57,241	38,459
Total liabilities	66,224	23,840	90,064	80,748
Fund balances	7,837	609,936	617,773	499,178
Total liabilities and fund balances	**74,061**	**633,776**	**707,837**	**579,926**

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

Approved on Behalf of the board

Larry Skinner
Chair

Randy Jackiw
Chief Executive Officer

Statement of operations and fund balances

Year ended March 31, 2011, with comparative figures for 2010

($ thousands)	General fund	Production Insurance	2011	2010
Revenue				
Operating funding – Ontario and Canada (note 9)	38,676	–	38,676	38,618
Premiums from producers	–	52,446	52,446	58,875
Funding – Ontario and Canada	–	80,175	80,175	89,312
Sales, consulting and other services	7,633	–	7,633	7,396
Investment income	69	18,231	18,300	14,246
Total revenue	**46,378**	**150,852**	**197,230**	**208,447**
Expenses				
Claims	–	14,844	14,844	68,199
Reinsurance (note 11)	–	18,230	18,230	19,514
Administration	46,234	–	46,234	46,065
Bad debts	–	3	3	13
Total expenses	**46,234**	**33,077**	**79,311**	**133,791**
Excess of revenue over expenses	144	117,775	117,919	74,656
Change in fair value of assets classified as available-for-sale	–	676	676	(5,077)
Fund balances, beginning of year	7,693	491,485	499,178	429,599
Fund balances, end of year	**7,837**	**609,936**	**617,773**	**499,178**

See accompanying notes to financial statements.

Statement of cash flows

Year ended March 31, 2011, with comparative figures for 2010

($ thousands)	General fund	Production Insurance	2011	2010
Cash provided by operating activities				
Excess of revenue over expenses	144	117,775	117,919	74,656
Items not requiring an outlay of cash				
Amortization of capital assets	1,173	–	1,173	1,376
	1,317	117,775	119,092	76,032
Changes in non-cash working capital				
Accounts receivable	2,449	(4,186)	(1,737)	8,531
Prepaid expenses	390	–	390	(375)
Accrued pension asset	(1,104)	–	(1,104)	(3,092)
Accounts payable and accrued liabilities	(1,059)	(554)	(1,613)	(2,832)
Unearned premiums and revenue	(682)	7,447	6,765	(9,219)
Provision for claims	–	(14,618)	(14,618)	3,103
	(6)	(11,911)	(11,917)	(3,884)
Financing activities				
Increase in investments	(2,296)	(105,741)	(108,037)	(70,673)
Investing activities				
Purchase of capital assets	(605)	–	(605)	(986)
Increase (decrease) in cash	(1,590)	123	(1,467)	489
Cash, beginning of year	1,778	769	2,547	2,058
Cash, end of year	**188**	**892**	**1,080**	**2,547**

See accompanying notes to financial statements.

Notes to the financial statements

Year ended March 31, 2011

1. Nature of operations

The *AgriCorp Act, 1996* established Agricorp ("the Corporation") as a corporation without share capital. It was established as an Ontario Crown agency on January 1, 1997. Its mandate is to deliver agricultural safety net plans and services to the farm, food, and rural sectors of Ontario. These initiatives can be segregated into two: a Non entitlement Program – Production Insurance ("PI") and Entitlement Programs which are administered by the Corporation on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs ("OMAFRA").

Non-entitlement program

PI was established in 1966 and currently operates pursuant to the *Crop Insurance Act (Ontario), 1996.* For all major crops grown in Ontario, PI provides insured growers with financial protection against yield reduction caused by natural perils.

Entitlement programs

AgriStability, Ontario Risk Management Program ("RMP") and Orchards and Vineyards Transition Program ("OVTP") are current examples of Entitlement Programs. These programs, as detailed under note 4, are administered by the Corporation on behalf of OMAFRA, the Federal Government, or other organizations. The rules regarding payments to clients are determined by the programs and in formal agreements with the Corporation. The funds paid out under these programs flow from either Ontario or Canada or both through the Corporation to qualified applicants, and are held in segregated accounts in funds under administration.

Other

The Corporation is responsible for the delivery of the Farm Business Registration Program ("FBR") established under the *Farm Registration and Farm Organizations Funding Act, 1993.* Under an agreement with OMAFRA, the Corporation's primary obligations include registration of farm businesses, collection of registration fees, and forwarding the fees net of an administrative charge to Ontario's accredited General Farm Organizations ("GFO").

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). These financial statements are, in management's opinion, properly prepared within reasonable limits of materiality, statutory requirements and the framework of the accounting policies summarized below.

The Corporation uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative costs and revenues, as well as for all unsegregated activities.

(b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the straight line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	4 years
Computer hardware	3 years
Computer software	2 years
Leasehold improvements	5 years

(c) Pension plan

The Corporation sponsors a contributory defined benefit registered pension plan for all full time employees. The Corporation contributes to the plan based on employee contributions and a factor determined by the plan's independent actuary. The cost of pension benefits for the defined benefit plan is determined by an independent actuary using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation, and retirement ages of employees. Pension plan assets are valued using current fair values and any actuarial adjustments are amortized on a straight line basis over the average remaining service life of the employee group.

(d) Revenue recognition

Premium revenues are recognized in the year in which the related crops are harvested.

(e) Financial instruments

The Corporation's financial instruments consist of cash, short-term investments, long-term investments, accounts receivable, accounts payable and accrued liabilities and a provision for claims. Under GAAP, financial instruments are classified into one of five categories: available-for-sale, held-for-trading, held-to-maturity, loans and receivables and other financial instruments. The Corporation classifies its financial assets and liabilities as follows:

- The Corporation has classified cash and short-term investments as held-for-trading which are measured at fair value. Held-for-trading financial instruments are carried at fair value with changes in the fair value reported in earnings.
- Long-term investments in bonds and debentures are classified either as available-for-sale or held-for-trading and their fair value is determined using quoted market bid prices. Held-for-trading bonds and debentures are recorded at fair value with realized gains and losses on sale and changes in the fair value of these bonds recorded in investment income in the statement of operations. Available-for-sale bonds and debentures are recorded at fair value with changes in the fair value of these bonds recorded in unrealized gains and losses booked as a charge to net assets. Realized gains and losses on sale are reclassified from net assets and recorded in investment income in the statement of operations.
- Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- Accounts payable and accrued liabilities and provision for claims are classified as other financial liabilities, which are measured at amortized cost.
- The Corporation has elected to use trade date accounting for regular way purchases and sales of financial assets.

(f) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and revenue, provision for claims and the employee future benefit asset. Actual results could differ from those estimates.

3. Future accounting policy changes

The Public Sector Accounting Board ("PSAB") has issued new accounting standards for government not-for-profit organizations. Agricorp would be classified as a Government NPO ("GNPO") as its accounts are consolidated with those of the Province of Ontario and meets the criteria to be a GNPO. PSAB will allow GNPOs to choose either the Public Sector Accounting ("PSA") Handbook or the PSA Handbook supplemented by the inclusion of the 4200 series of standards from the Canadian Institute of Chartered Accountants ("CICA") Handbook – Accounting into the PSA Handbook as Sections PS 4200 to PS 4270. These standards are effective for fiscal years commencing on or after January 1, 2012. The Corporation plans to select PSA plus the 4200 series of the PSA Handbook and will first report under these standards in its financial statements for the year ending March 31, 2013. The Corporation is currently in the process of evaluating the potential impact of adopting these changes.

4. Funds under administration

The Corporation provides administration services on a cost recovery basis to process and disburse payments to producers for agricultural programs. These programs are generally administered on behalf of OMAFRA for producers in Ontario, and cover joint Federal/Provincial programs, Federal only programs, and Ontario only programs. Individual program delivery agreements are in place for each program. Program payments are calculated according to the formal program requirements and the delivery agreements. Funding is provided by the Federal and Provincial governments and all funds are segregated in accounts under administration by program until such time as payments are processed for the producers. Funds for these programs are held in accounts with Canadian banks, bankers' acceptances or bank discount notes and all are highly liquid. Due to the nature of these programs that the Corporation administers, it does not recognize program revenue or expenses or receivables or payables for them.

(a) AgriStability

AgriStability was established under the Growing Forward Framework Agreement as a continuation of the Canadian Agricultural Income Stabilization ("CAIS") program. AgriStability is in effect for 2007 and subsequent years. This program provides agricultural producers with some financial protection against declines in farm margin. For AgriStability and CAIS, participants must enroll in the program and pay administration and enrolment fees based on the selected level of coverage and a reference margin based on the individual participant's production margin for specified prior years. A program benefit is paid to the participant based on the participant's selected level of coverage and when the participant's current production margin falls below the set reference margin. AgriStability provides coverage for margin declines greater than 15%. The AgriInvest program, which is administered by the Federal Government, provides assistance to farmers for the first 15% of margin declines. The Federal and Ontario governments share the program costs on the basis of 60% and 40% respectively.

(b) Ontario Risk Management Program ("RMP")

The RMP program came into effect August 16, 2007 and expires on March 31, 2013. The program provides Ontario grain and oilseed producers commodity specific price support based on cost of production for the 2007, 2008, 2009 and 2010 crop years. The program is fully funded by Ontario and is an advance against Ontario's share of AgriStability program costs and reduces its share of AgriStability payments. The March 2011 Ontario provincial budget announced the introduction of a multi-commodity risk management program. It covers the horticulture, livestock and grain and oilseeds commodity groups. The Corporation has been selected as the delivery agent for this program and is currently in the process of working with OMAFRA in defining the program details and evaluating the program's impact on operations.

(c) Ontario Cost Recognition Top up Program ("OCRT")

The OCRT program came into effect June 7, 2007 and expires on March 31, 2013. This program provides producers with a payment in recognition of increased agricultural production costs over the years 2000 to 2004. The Ontario payment is calculated as 66.67% of the Federal Cost of Production Payment Program ("COP").

(d) Self Directed Risk Management Program ("SDRM")

The current SDRM program delivery agreement between the Corporation and OMAFRA came into effect April 1, 2007 and expires on March 31, 2013. Under the terms of the program, a producer deposits into the program account a percentage of their eligible net sales and a matching contribution is also made into the account by the Federal and/or Ontario governments. Claims are paid out of the program account to participants, but the total payment amount for a program year shall not exceed the total available funds in the account.

(e) Orchards and Vineyards Transition Program ("OVTP")

OVTP was established in 2008 under an Agreement between OMAFRA and the Corporation and expires March 31, 2016. The program provides compensation to qualifying grape, apple, and tender fruit producers for part of the costs of removing and disposing of fruit trees and/or grapevines. This voluntary program was designed to assist producers to adapt to industry pressures and changing markets. This program was in effect for the 2008, 2009 and 2010 crop years.

(f) Ontario Cattle, Hog and Horticultural Payment Program ("OCHHP")

The OCHHP program came into effect December 13, 2007 and expires March 31, 2013. Under the terms of the agreement, producers may be eligible to receive a one-time payment if they received a federal COP or OCRT payment, and have at least 50% of their allowable net sales in specified commodities (cattle, hogs and horticulture). The payment is based on a specified formula.

(g) General Top Up Program ("GTUP")

GTUP was established under the Canada-Ontario Implementation Agreement and expired on March 31, 2008. Under the terms of the agreement, producers that participate in CAIS and receive a payment under that program are eligible for a top-up payment based on a fixed percentage of their 2003 and 2004 CAIS government benefits.

(h) Plum Pox Program ("PPV")

The current program delivery agreement between OMAFRA and the Corporation came into effect April 1, 2008 and expires on December 31, 2011. The Plum Pox Program was established pursuant to the Canada-Ontario Agreement on Responding to the Presence of the Plum Pox Virus in Ontario and came into effect on June 29, 2001. The Program is a multi-year plan to carry out plum pox detection surveys and other activities to help contain or eradicate the plum pox virus in Ontario. In addition, the program assists commercial tender fruit growers with the asset loss incurred when trees are removed as part of the plum pox control measures. Canada and Ontario have agreed to share overall program costs based on funds available for agricultural assistance at each level of government.

(i) CAIS Inventory Transition Initiative ("CITI")

The CITI program came into effect May 18, 2006 and expired March 31, 2010. This program was administered on behalf of the Federal government.

(j) Ontario Inventory Transition Program ("OITP")

The OITP program came into effect September 14, 2006 and expired March 31, 2011. This program was administered on behalf of OMAFRA.

(k) Farm Business Registration ("FBR")

In accordance with the *Farm Registration and Organizations Funding Act, 1993,* each farmer in Ontario who grosses more than $7,000 in farm income is required to register their farm business. In return for the registration fee, farmers pay a reduced property tax rate on agricultural land (25% versus 100%), and are granted membership in the GFO of their choice. The Corporation collects the fee from the producer and remits it, less an administrative charge, to the GFO of the producer's choice.

The following summarizes the transactions related to the funds under administration for the year ended March 31, 2011 and the remaining estimate of program payments expected to be paid to producers for programs that the Corporation administers. The remaining estimate is not included in the Corporation's balance sheet.

($ thousands)	Opening balance 2011	Federal funding	Provincial funding	Other	Payments	Closing balance 2011	Remaining estimate 2011	Remaining estimate 2010
AgriStability	23,222	93,837	62,012	8,371	(136,561)	50,881	258,222	265,158
RMP	6,937	–	32,062	(5,124)	(32,662)	1,213	6,717	4,938
OCRT	565	–	(104)	(422)	–	39	–	1,326
SDRM	2,543	–	–	–	(277)	2,266	–	3,068
OVTP	521	–	6,280	(24)	(6,763)	14	–	9,041
OCHHP	1,561	–	(990)	(552)	(1)	18	–	481
GTUP	2,203	–	–	40	(41)	2,202	–	2,897
PPV	349	1,515	661	(855)	(1,606)	64	30	3,573
CITI	23	–	–	513	(358)	178	60	6,998
OITP	145	–	–	295	(244)	196	40	5,069
Other	390	343	218	(209)	(572)	170	144	293
Total	**38,459**	**95,695**	**100,139**	**2,033**	**(179,085)**	**57,241**	**265,213**	**302,842**

5. Accounts receivable

Accounts receivable are comprised primarily of amounts due from the Federal and Ontario governments and amounts due from producers.

($ thousands)	2011	2010
Government funding – Canada	5,848	5,158
Government funding – Ontario	4,205	3,459
Other	2,509	2,208
Total	**12,562**	**10,825**

6. Investments

Legislation restricts the Corporation's investments to highly liquid, high-grade instruments such as Federal and Provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

(a) Portfolio profile

Investments, at carrying amount and fair value, are as follows:

($ thousands)	2011	2010
Short-term	123,447	123,846
Long-term		
Government of Canada	53,632	63,424
Province of Ontario	133,554	114,025
Other provincial governments	174,714	113,925
Provincial utilities	37,707	24,521
Financial institutions	107,771	82,371
Total investments	**630,825**	**522,112**

(b) Maturity profile of the investment portfolio

($ thousands)	2011	2010
<1 Year	123,447	123,846
1-3 Years	241,973	137,087
3-5 Years	167,640	146,694
>5 Years	97,765	114,485
Total	**630,825**	**522,112**

7. Capital assets

($ thousands)	Cost	Accumulated amortization	2011 Net Book value	2010 Net Book value
Furniture and fixtures	1,060	996	64	218
Computer hardware	6,607	6,160	447	596
Computer software	7,025	6,632	393	456
Leasehold improvements	1,908	1,713	195	397
Total	**16,600**	**15,501**	**1,099**	**1,667**

8. Financial instruments

(a) Fair value of financial assets and financial liabilities

The carrying value of cash, short-term investments, accounts receivable and accounts payables and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The fair value of investments is based on quoted market values.

(b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Corporation's cash flows, financial position and excess of revenue over expenses.

Fluctuations in interest rates have a direct impact on the market valuation of the Corporation's fixed income securities portfolio. The coupon rates from the long-term bond portfolio range from 3.05% to 7.50% with a weighted average yield of 4.79%. Fluctuations in interest rates could have a significant impact on the fair value of the bond portfolio. Although bonds are generally held to maturity, realized gains or losses could result if actual PI claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations.

(c) Credit risk

Credit risk is the risk that other parties fail to perform as contracted. The Corporation is exposed to credit risk principally through balances receivable from the Federal and Provincial governments and producers as well as through its investment securities. Credit risk arises from the Corporation's positions in term deposits, corporate debt securities, government bonds and from the possibility that the entities to which the Corporation advances funds may experience difficulty and be unable to fulfill their obligations. Legislation restricts the types of investments the Corporation may hold to high grade Canadian debt instruments and investments approved by the Ministry of Finance which significantly reduces credit risk.

9. Operating funding – Ontario and Canada

The governments of Canada and Ontario have agreed to share the costs of administering PI, AgriStability, GTUP and PPV (asset loss) at the rate of 60% and 40% respectively. The cost to administer SDRM is funded by the Federal Government and/or Ontario, depending on the program year. The costs to administer the RMP, OCRT, OCHHP, OITP and OVTP programs are funded by Ontario. The costs to administer the PPV (detection surveys) and CITI programs are funded by the Federal Government.

10. Unearned premiums and revenue

Unearned premiums represent premiums of $23,279,000 (2010 – $15,832,000) paid in advance to PI for crops that have yet to be harvested. These crops are not harvested until after the balance sheet date, giving rise to the deferral of the premiums received. Unearned revenue includes operating funding related primarily to the unamortized value of capital assets of $1,099,000 (2010 – $1,667,000) and other unearned amounts of $3,389,000 (2010 – $3,503,000).

11. Reinsurance agreement

The Corporation has an ongoing program of reinsurance with a number of insurance carriers. This program provides for the reinsuring companies to assume PI losses based on negotiated thresholds. The Corporation purchased reinsurance for 2010 PI claims in excess of $286,000,000 to a maximum of $453,000,000. As actual claims for the 2010 crop year were less than the minimum threshold, no reinsurance payments were received by the Corporation.

The Corporation signed an agreement in December 2010 whereby it would purchase reinsurance through a number of carriers for the 2011 crop year. The amount being purchased under this agreement is to mitigate losses between 13% and 19% of insured liability (subject to a maximum of $2,900,000,000 of liabilities). The amount purchased for 2010 was for a maximum of $2,625,000,000 in liabilities but the actual liability was finalized at $2,382,000,000 giving rise to the coverage noted in the preceding paragraph. The Corporation is purchasing less reinsurance in 2011 compared with 2010 because of the size of the PI fund surplus.

12. Pension plan

The Corporation has a mandatory contributory defined benefit plan for its full-time employees. The changes for the defined benefit plan of the Corporation during the year are as follows:

($ thousands)	2011	2010
Accrued benefit obligation		
Balance, beginning of year	18,318	10,856
Current service cost	1,780	637
Interest cost	1,385	1,075
Employee contributions	1,383	1,303
Benefits paid	(592)	(304)
Actuarial loss	2,307	4,751
Balance, end of year	**24,581**	**18,318**
Plan assets		
Fair value, beginning of year	18,090	10,547
Actual return on plan assets	2,242	2,473
Employer contributions	3,081	4,071
Employee contributions	1,383	1,303
Benefits paid	(592)	(304)
Fair value, end of year	**24,204**	**18,090**
Funded status		
Plan deficit	(377)	(228)
Unamortized actuarial loss	4,843	3,603
Unamortized transitional obligation	(65)	(78)
Accrued benefit asset	**4,401**	**3,297**

The significant actuarial assumptions adopted in measuring the accrued benefit asset of the Corporation are as follows:

	2011 %	2010 %
Discount rate to determine accrued benefit obligation	6.0	6.5
Discount rate to determine benefit cost	6.5	8.5
Expected long-term rate of return on plan assets	6.5	7.0
Rate of compensation increase	4.0	4.0

The net benefit plan expense is as follows:

($ thousands)		
Current services cost	1,780	637
Interest cost	1,385	1,075
Expected return on plan assets	(1,293)	(917)
Amortization of transitional obligation	(13)	(13)
Amortization of unrecognized loss	118	–
Net benefit plan expense	**1,977**	**782**

The percentage of total fair value of plan assets by category is as follows:

Security type	% of plan	% of plan
Canadian equities	36.7	34.9
US equities	16.8	15.6
International equities	11.4	10.9
Bonds	32.6	36.8
Cash and cash equivalents	2.5	1.8
Total fund	**100.0**	**100.0**

An external investment advisor manages the investments held by the pension plan.

The most recent pension plan actuarial valuation was as of January 1, 2010. As of January 1, 2010, the plan was underfunded by approximately $2,200,000 on a going concern basis and had a solvency and wind-up surplus of $279,000. The next actuarial valuation is expected to be completed as of January 1, 2013.

13. Commitments

(i) Lease commitments

The Corporation leases its office premises. The minimum aggregate rentals for these leases and other obligations for the next five years are as follows:

($ thousands)	
2012	2,205
2013	1,331
2014	964
2015	885
2016	900
	6,285

(ii) Contingencies

During the normal course of business, certain claims or program payments may be denied by the Corporation. As a result, various claims or proceedings have been, or may be, initiated against the Corporation. The disposition of the matters that are pending or asserted is not expected by management to have a material effect on the financial position of the Corporation or on its results of operations.

14. Related party transactions

The Corporation has entered into several agreements to acquire services from OMAFRA. The cost for administrative, legal and audit services amounted to $226,000 (2010 – $574,000). In addition, the Corporation rents its head office location from the Ontario Realty Corporation for a total cost for the year of $1,300,000 (2010 – $1,500,000). The Corporation earned revenue of $50,443,000 (2010 – $55,082,000) from OMAFRA as its share of PI premium and operating funding.

15. Capital management

The main objective of the Corporation when managing its capital is to safeguard its ability to continue as a going concern, so that it can continue to deliver agricultural safety net plans and services to the farm, food and rural sectors of Ontario.

The Corporation is limited to administering the PI, business risk management programs (Entitlement Programs), and such other program as are approved. The Corporation ensures that it has sufficient capital and working capital through appropriate delivery agreements with its funding partners.

16. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was $37,240 during calendar 2010 (2009 – $40,111).

The *Public Sector Salary Disclosure Act, 1996,* requires the Corporation to disclose employees paid an annual salary in excess of $100,000. For the 2010 calendar year, the amounts paid to such employees are:

Name	Position	Salary	Taxable benefits
Beifuss, Erich	Chief Financial Officer	$160,119	$ 573
Bhimji, Zeenat	Information Architect	113,000	416
Brown, Greg	Director, Risk Management	121,906	443
Côté-Kennedy, Annie	Director, Communications	124,598	458
Dosanjh, Baljit	Director, Corporate Project Management Office	121,283	444
Ensafi, Masoud	Manager, Development Services	113,230	426
Fazil, Abbas	Director, Architecture Services	138,833	510
Fung, Patrick	Controller	122,822	450
Gallagher, Jocelyn	Senior Director, Human Resource & Organizational Development	140,142	514
Ip, Stephen	Director, Information Technology Application and Computing & Network Services	138,493	517
Jackiw, Randy	Chief Executive Officer	182,422	12,622
LaRose, Doug	Chief Information Officer	177,741	650
Lennox, Lee Ann	Director, Strategic Management & Communications	108,840	399
Meneray, Debra	Senior Director, Program Delivery	141,683	517
Sayer, Greg	Senior Counsel and Director Legal Services	117,774	480
Smith, Valerie	Manager, Financial Reporting	101,775	377
Vlcek, Michael	Senior Director, Program Development	135,361	496
Wong, Roxana	Senior Manager, Information Technology Client Service	119,231	434

17. Comparative figures

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Agricorp®

An agency of the Government of Ontario
Un organisme du gouvernement de l'Ontario

Contact us:

1 Stone Rd. West
Box 3660, Stn. Central
Guelph, ON N1H 8M4
agricorp.com

Version française disponible
Agricorp Annual Report 2010-11 - ISSN 1715-7587 (Agricorp. Online)
Agricorp Rapport annuel 2010-11 - ISSN 1715-7595 (Agricorp. En ligne)

2011-10-26

Canada Growing Forward | Cultivons l'avenir Ontario